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Message Text

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R 011145Z SEP 75
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 6871
INFO AMEMBASSY ABU DHABI
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AMEMBASSY AMMAN POUCH
USINT BAGHDAD POUCH
AMEMBASSY BEIRUT POUCH
AMEMBASSY DAMASCUS
AMEMBASSY DOHA
AMEMBASSY JIDDA
AMEMBASSY KHARTOUM
AMEMBASSY KUWAIT
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AMEMBASSY MANAMA
AMEMBASSY MOSCOW
AMEMBASSY MUSCAT
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AMEMBASSY SANA
AMEMBASSY TEL AVIV
AMEMBASSY TRIPOLI
AMEMBASSY TUNIS
USCINCEUR VAIHINGEN GE ECJ2

S E C R E T SECTION 1 OF 3 CAIRO 9763/1

EO 11652: GDS
TAGS: PINT, PFOR, EG
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SUBJECT: QUARTERLY POLITICAL ASSESSMENT: JULY 1- SEPTEMBER 30, 1975

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REF: CAIRO 6498

SUMMARY: SINAI II DISENGAGEMENT AGREEMENT PERVADED EGYPTIAN SCENE DURING THIRD QUARTER. ARDUOUS NEGOTIATIONS INVOLVED POLITICAL CONCESSIONS BY GOE WHICH SADAT, DETERMINED TO PROVE HIS PRO-US POLICY IS WORKING, FINALLY ACCEPTED. ARAB CRITICS, CHIEFLY SYRIA AND PLO, SAY PRICE WAS TOO HIGH, CLAIMING AGREEMENT IS "POLITICAL" AND HAS FROZEN EGYPTIAN FRONT. EGYPTIAN PUBLIC, EAGER FOR ECONOMIC IMPROVEMENTS AT HOME, DISAGREE; SINAI II HAS ENHANCED SADAT'S DOMESTIC POPULARITY. SADAT HAS REPLIED FIRMLY AND PUBLICLY TO CRITICS, SAYING EGYPT IS DETERMINED REACH COMPREHENSIVE SETTLEMENT AND PREDICTING MOVEMENT SOON ON GOLAN. HE HAS SINGLED OUT SOVIETS AS CHIEF PURVEYORS OF DUPLICITY IN ME. SOVIETS SEEM BEWILDERED BY VEHEMENCE OF HIS ATTACKS. INTERNALLY, ECONOMIC FACTOR IS PRIMARY. GOE MUST SOLVE CHRONIC SUPPLY PROBLEMS. LOCAL EXPECTATIONS ARE RISING THAT USG-GOE HONEYMOON WILL BRING GENEROUS US ECONOMIC AND MILITARY AID. END SUMMARY.

1. FOREIGN AFFAIRS: SINAI II: BY ALL ODDS, SECOND EGYPTIAN-ISRAELI DISENGAGEMENT AGREEMENT OF SEPTEMBER 4 DOMINATED QUARTER. A MILESTONE IN ARAB-ISRAELI CONFLICT, IT PROVIDES FOR (A) VIRTUAL ISRAELI WITHDRAWAL FROM GIDI AND MITLA PASSES, (B) MODEST EGYPTIAN MILITARY REDEPLOYMENT IN SINAI, (C) RETURN OF SINAI OILFIELDS TO EGYPT, (D) ESTABLISHMENT OF EGYPTIAN EARLY WARNING STATION IN UNEF BUFFER ZONE ALONG WITH ALREADY EXISTING ISRAELI STATION, (E) SUBJECT TO CONGRESSIONAL APPROVAL, DEPLOYMENT OF NOT MORE THAN 200 AMERICAN CIVILIANS TO MAN THREE SURVEILLANCE POSTS AND NOMINALLY TO MANAGE ISRAELI AND EGYPTIAN EARLY WARNING STATIONS IN PASSES, AND (F) AGREEMENT TO ABJURE USE OF FORCE AND SETTLE ME CONFLICT BY PEACEFUL MEANS. EGYPTIAN CONCESSIONS ARE LARGELY POLITICAL IN NATURE. THOUGH MODEST, THEY VEER FROM THREE KHARTOUM NAYS -- NO PEACE, NO NEGOTIATIONS, NO RECOGNITION-- WHICH HAVE SHACKLED ARAB POLICY TOWARDS ISRAEL SINCE 1967. PREDICTABLY, SINAI II RENT ARAB WORLD AND CATAPULTED SADAT INTO A MAJOR INTER-ARAB POLITICAL CRISIS. ITS DOMESTIC AND FOREIGN POLICY RAMIFICATIONS ARE ALL PERVASIVE.

2. A. US-EGYPTIAN RELATIONS: AS SUMMER PROGRESSED, EGYPTIANS,
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BOTH OFFICIAL AND PRIVATE, ANXIOUSLY LOOKED TO USG TO BREAK DEADLOCKED ARAB-ISRAELI NEGOTIATIONS. THE AMBASSADOR'S SEVERAL TRIPS TO WASHINGTON IN JULY AND AUGUST WERE WELCOMED AS STEPS IN THIS DIRECTION. NOT WITHOUT FRUSTRATION SADAT AND HIS ADVISORS SCRUTINIZED EVOLVING ISRAELI VIEWS, AS CONVEYED THROUGH USG, AND OFFERED COUNTERPROPOSALS. ONCE A FRAMEWORK OF A POSSIBLE AGREEMENT SEEMED AT HAND, THE SECRETARY BEGAN HIS SHUTTLE EFFORT BETWEEN ALEXANDRIA AND JERUSALEM. BETWEEN AUGUST 22 AND SEPTEMBER

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1, DETAILS WERE ARDUOUSLY FORGED. INITIALED SEPTEMBER 1, AGREEMENT WAS SIGNED THREE DAYS LATER AT GENEVA. SHORTLY AFTERWARDS EGYPTIAN-ISRAELI MILITARY WORKING GROUP CONVENED IN GENEVA, UNDER UN AUSPICES, TO DRAFT PROTOCOL DETAILING PHASED, FIVE MONTH IMPLEMENTATION SCHEDULE. USG OBSERVER WAS PRESENT TO ENCOURAGE PARTIES TO RESOLVE PROBLEMS, BUT DID NOT ACTIVELY PARTICIPATE IN TALKS. REGRETTABLY, NEGOTIATIONS DID NOTHING TO CONTRIBUTE TO CONFIDENCE BUILDING BETWEEN TWO SIDES. ON CONTRARY, THEY DEEPENED EGYPTIAN SUSPICIONS OF ISRAELI INTENTIONS. AGREEMENT GOES INTO FORCE WHEN ISRAELIS SIGN AFTER CONGRESSIONAL APPROVAL OF US PROPOSAL.

3. ROLE OF USG IN CATALYZING SINAI II IS WIDELY ACCLAIMED BY EGYPTIAN PUBLIC. TOP EGYPTIAN LEADERSHIP PUBLICLY HAIL AGREEMENT AS HISTORIC ACHIEVEMENT. APART FROM RETURNING SOME TERRITORY AND REVENUE EARNING OIL FIELDS, THEY POINT OUT NEVER BEFORE HAVE ISRAELIS AGREED TO WITHDRAW THROUGH PEACEFUL NEGOTIATIONS WITH ARABS. PRIVATELY, RELIEF AND RESTRAINED SATISFACTION RATHER THAN ELATION CHARACTERIZE THEIR ATTITUDES. SOME PRESIDENTIAL ADVISORS GRUMBLE TOO LITTLE WAS OBTAINED, TOO HIGH A PRICE EXACTED IN POLITICAL CONCESSIONS, AND TOO LITTLE SENSITIVITY SHOWN FOR PRESIDENT'S POLITICAL PROBLEMS IN ARAB WORLD. SADAT VIGOROUSLY DEFENDS SINAI II EVEN WHILE CONCEDING IT IS NOT ALL GOE HAD HOPED FOR.

4. HIS DECISION TO SIGN WAS AT ONCE AN ACT OF NECESSITY AND COURAGE. SADAT BADLY NEEDED A SECOND AGREEMENT IF HIS POLICY SHIFT TOWARD USG WAS NOT TO BE CALLED INTO SERIOUS QUESTION. AFTER ABORTIVE MARCH EFFORT, A SECOND FAILURE COULD NOT BE AFFORDED; HE HAD TO SETTLE FOR BEST HE COULD GET. IN THE END, REJECTING THE COUNSEL OF MEMBERS OF HIS NSC TO HOLD OUT FOR BETTER TERMS, HE OPTED TO DELAY NO LONGER AND TO BRAVE PREDICTED POLITICAL STORM. HE DID SO ON CLEAR UNDERSTANDING USG REGARDS
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SINAI II AS BUT ANOTHER STEP IN ONGOING PEACEMAKING PROCESS.

5. SPARKING SHARP SOVIET, SYRIAN AND PALESTINIANS DISPLEASURE (SEE BELOW), SINAII II ALSO POSSES PROBLEMS FOR SADAT. HE IS UNDERSTANDABLY ANXIOUS TO AVOID LENDING CREDENCE TO CRITICS' CHARGES THAT HE HAS BECOME AN AMERICAN STOOGE. REVELATIONS OF UNPUBLISHED USG COMMITMENTS TO ISRAEL, INCLUDING POSSIBLE PERSHING SALES, TROUBLE HIM AND EXPOSE HIM TO CHARGES OF HAVING BEEN DUPED. USG EXPLANATIONS THAT NOTHING HAS BEEN DECIDED ARE ACCEPTED, BUT ONLY PARTLY ALLAY EGYPTIAN MISGIVINGS. ON ANOTHER PLANE, HE HAS EFFECTIVELY CUT HIMSELF OFF FOR THE TIME BEING FROM ANY PROSPECTS OF SOVIET HELP, THEREBY BECOMING INCREASINGLY DEPENDENT UPON US ASSISTANCE. USG IS FACED WITH THE PROBLEM OF WHETHER IT CAN PROVIDE SUFFICIENT MATERIAL AND MORAL SUPPORT TO ENABLE SADAT TO MAINTAIN HIS POSITION AT

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HOME AND RECOUP HIS BRUISED LEADERSHIP IMAGE IN ARAB WORLD.
WITH PEACE NOW SEEN AS A STEP FARTHER ALONG, EGYPTIAN PUBLIC'S
PENT UP DESIRE FOR IMPROVED ECONOMIC CONDITIONS IS AGAIN LOOSED.
NAIVE BELIEF EXISTS USG WILL PROVIDE EGYPT WITH WHATEVER IT
NEEDS TO CURE EXISTING ECONOMIC ILLS AND MASSIVE US AID TO ISRAEL
INVITES COMPARABLE EXPECTATIONS. IN SUCH INFLATED HOPES COULD
LIE SEEDS OF FUTURE PROLEMS FOR BOTH SADAT AND USG.

6. SINAI II ALSO OPENS WAY TO LONG-DEFERRED STATE VISIT OF
PRESIDENT SADAT TO US. ARRANGEMENTS ARE CURRENTLY BEING WORKED
OUT FOR SUCH A TRIP IN LATE OCTOBER. SADAT MAY BE EXPECTED TO
SEIZE OCCASION TO APPEAL TO USG TO BE GENEROUSLY RESPONSIVE
TO HIS NEEDS. RESULTS OF HIS US TRIP WILL BE SIGNIFICANT
FACTOR IN ENABLING SADAT JUSTIFY AT HOME AND ABROAD COURSE HE
HAS CHOSEN.

7. AT REQUEST OF GOE, US NAVY ASSISTANCE WAS OFFERED TO

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AMEMBASSY KHARTOUM
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SUBJECT: QUARTERLY POLITICAL ASSESSMENT: JULY 1- SEPT 30, 1975

EGYPTIAN NAVY TO CLEAR MINEFIELDS BETWEEN PORT SAID AND
DAMIETTA. THIS OPERATION IS CURRENTLY UNDERWAY.

8. B. SOVIET-EGYPTIAN RELATIONS: EGYPTIAN-SOVIET RELATIONS
WERE AT LOW EBB WHEN QUARTER BEGAN. SOVIETS HAD LOST SALLUM
AND MERSA MATRUH PORT FACILITIES AND EGYPTIAN WERE STILL
IRRITATED ABOUT SOVIET-LIBYAN ARMS DEAL, WEAPONRY REPLACEMENT
ISSUE, AND MOSCOW'S EQUIVOCATION ON RESCHEDULING DEBTS. IN
AUGUST, WHEN SOVIETS LEARNED THAT EGYPTIANS HAD REQUESTED USG
CLEAR SOVIET MINES NEAR PORT SAID HARBOR, MOSCOW REACTED
ANGRILY, FORMALLY PROTESTING TO GOE WHAT IT CALLED BREACH OF A
PRIOR BILATERAL MILITARY AGREEMENT. ACCORDING TO SOVIETT MILATT,
THERE WOULD BE NOR MORE ARMS FOR EGYPT, THOUGH DELIVERY OF SOME SPARE
PARTS WOULD CONTINUE. GOE WAS ALSO TOLD DEBTS WOULD NOT BE RESCHEDULED
DESPITE MINFIN'S EFFORTS IN MOSCOW LATE JULY. NEVERTHELESS, IN
CONTRAST THEIR IMMEDIATE POST-ASWAN ACTIVITY, AS SECRETARY'S
ARRIVAL DREW NEARER, SOVIETS SEEMED STRANGELY PASSIVE. EVEN LOCAL
BLOC DIPLOMATS CEASED WARNING AGAINST US IMPERIALIST PLOTS.

9. EGYPTIANS BELIEVED AS EARLY AS JULY THAT RELATIVE SOVIET
QUIESCENCE WOULD PROBABLY END WHEN AGREEMENT WAS CONCLUDED,
AND THIS PROVED ONLY TOO TRUE. MOSCOW WAS QUICK OFF THE MARK WITH
BOYCOTT OF GENEVA SIGNING CEREMONY. ALTHOUGH FOR THE MOST
PART AVOIDING OFFICIAL PUBLIC DENIGRATION OF SINAI II, SOVIETS
WERE CLEARLY ENCOURAGING ARAB CRITICISM OF SADAT'S "SELL OUT".
ON DIPLOMATIC LEVEL, THEY EXPRESSED STRONG DISPLEAURE TO GOE
AT BEING EXCLUDED, POINTEDLY NOTING THEY REGARD AGREEMENT AS
OUTSIDE GENEVA CONTEXT.

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10. SADAT'S REPLIES TO SOVIET TROUBLEMAKING IN ARAB WORLD WERE EMPHATIC AND PUBLIC. IN PRESS INTERVIEWS AND IN TELEVISED SPEECHES SEPTEMBER 4, 15 AND 28, HE CASTIGATED "MALICIOUS" SOVIET "DECEPTIONS" AND DISINFORMATION CAMPAIGNS.

11. REPEATED, STINGING PRESIDENTIAL PUBLIC REBUKES TO SOVIETS TROUBLE SOME OF SADAT'S ADVISORS. EVEN PROTAGONISTS OF PRO-AMERICAN POLICY RECOGNIZE REALITY THAT EGYPT REMAINS DEPENDENT ON AT LEAST A MEASURE OF CONTINUED SOVIET GOODWILL. SOVIET LEVERAGE IS NOT CONFINED TO MILITARY AND POLITICAL INFLUENCE,
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BOTH OF WHICH HAVE ALREADY BEEN BROUGHT MORE OR LESS INTO PLAY BY MOSCOW. ON ECONOMIC PLANE, FOR EXAMPLE, SHOULD MOSOCW ABROGATE SOME OR ALL OF BILATERAL TRADE AGREEMENTS, EGYPT WOULD BE FORCED TO SEEK ESSENTIAL INDUSTRIAL RAW MATERIALS IN HARD CURRENCY MARKETS.

12. SOVIET DIPLOMATS EXPERIENCED IN EGYPTIAN AFFAIRS SEEM GENUINELY TAKEN ABACK AT WHAT SEEM TO THEM GRATUITOUS SWIPES AT MOSCOW BY SADAT. LACK OF GRATITUDE FOR SOVIET AID AND LACK OF REPSECT FOR SOVIET POWER, AS REFLECTED IN SADAT'S PUBLIC STATEMENTS, ASTONISH OUR SOVIET INTERLOCUTORS. THEY ALSO WORRY ALOUD ABOUT GOE'S TINKERING WITH PUBLIC SECTOR, FEARING SADAT INTENDS TO DISMANTLE INSTITUTIONS OF ARAB SOCIALISM.

13. FACT IS PRESIDENT TAKES WHAT HE PERCEIVES AS SOVIET DECEPTIONS PERSONALLY. HE WILL NEVER TRUST MOSCOW AGAIN. AS LONG AS SADAT'S FAITH AND CONFIDENCE IN USG RECEIVE NO CHECK AND AS LONG AS SOVIETS CONNIVE WITH LIBYANS, PALESTINIANS, SYRIANS AND OTHERS AGAINST EGYPT, SADAT IS UNLIKELY TO PERMIT ANYTHING MORE THAN SUPERFICIAL AMELIORATION OF HIS BILATERAL RELATIONSHIP WITH MOSCOW.

14. C. EGYPT-ARAB RELATIONS: SADAT'S ACEPTANCE OF SINAI II HAS PROVOKED ARAB OUTCRY WHICH EXCEEDS THAT CONFRONTED BY ANY OTHER PREVIOUS EGYPTIAN LEADER. HE IS ACCUSED OF VIOLATING TENETS OF MODERN ARABISM SYMBOLIZED BY EGYPTIAN REVOLUTION OF 1952. CITING POLITICAL CONCESSIONS, ARAB CRITICS DECLARE AGREEMENT IS POLITICAL, NOT MILITARY, AND INVOLVES TWO "TRAITOROUS" FEATURES: REINTRODUCTION OF IMPERIALISM INTO ME (I.E., US TECHNICIANS) AND SHATTERING OF ARAB UNITY. REJECTIONIST ARAB RATIONALE FOR LATTER CHARGE IS THAT ARAB RANKS MUST INEVITABLY BE DIVIDED BY AGREEMENT WHICH FREEZES EGYPTIAN FRONT AND NEGLECTS MENTION OF OTHER ARABS IN GENERAL AND PLO IN PARTICULAR. ABROGATION OF AGREEMENT IS DEMANDED.

15. MOST VOCIFEROUS OF ARAB CRITICS ARE SYRIANS, PALESTINIANS, AND IRAQIS. IRAQI CRITICISM IS DISMISSED AS ANTI-SARG PLOY. VIOLENT PLO REACTION TO PRACTICALLY ANY SINAI DISENGAGEMENT WAS

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ANTICIPATED BY GOE PRIOR TO SECRETARY'S ARRIVAL. ARAFAT WAS
TOLD IN ALEXANDRIA IN MID AUGUST THAT EGYPT WOULD REPLY PUBLICLY
TO "REJECTIONIST" OBJECTIONS. IN ANY CASE, GOE BELIEVES,
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CORRECTLY IN OUR VIEW, THAT EGYPTIAN PUBLIC IS MORE IRRITATED
THAN PERSUADED BY PALESTINIAN RHETORIC DIRECTED AGAINST
EGYPT'S ARABISM. SEIZURE OF EGYPTIAN EMBASSY IN MADRID BY
TERRORISTS WAS ROUNDLY CONDEMNED AND RESOLVED BY SEVERE
GOE WARNINGS OF RETALIATION AGAINST PALESTINIANS IN EGYPT.

16. SYRIA, HOWEVER, IS A DIFFERENT MATTER. VIRULENT TONE AND
SUSTAINED NATURE OF SARG'S PUBLIC OBJECTIONS HAD NOT RPT NOT
BEEN EXPECTED IN CAIRO. IT IS THIS SYRIAN CAMPAIGN WHICH HAS
LENT SUCH URGENCY TO GOE INSISTENCE THAT SOME KIND OF VISIBLE
ACTIVITY BE SPEEDILY UNDERTAKEN TOWARD NEW GOLAN DISENGAGEMENT.

17. WITH SADAT SUFFERING DAILY BARAGE FROM DAMASCUS AND
PALESTINIANS IN BEIRUT, RELUCTANCE OF MOST MODERATE ARABS PUBLICLY
TO SUPPORT SINAI II WORRIES GOE. ONLY SUDAN'S NIMAIRI AND MOROCCO'S
KING HASAN HAVE SPOKEN UP. SAG'S PRIVATE ASSURANCES OF SUPPORT
ARE CRUCIAL, BUT SADAT'S HOPES FOR STRONG PUBLIC STATEMENTS FROM
RIYADH, TUNIS AND AMMAN REMAIN UNFULFILLED. THERE IS SOME
CONCERN HERE RIYADH'S SUPPORT MAY BE WEAKENING. ALGERIAN SILENCE IS
IRKSOME. GULF STATES' DISCRETION IS UNDERSTOOD THOUGH NOT EXCUSED.

18. SADAT IS DISAPPOINTED AND COLD FEELING OF ISOLATION IS
CLOSING IN AS GOE IS FORCED TO RECOGNIZE SADAT'S LEADERSHIP ROLE
IN ARAB WORLD IS AT STAKE. FURTHERMORE, WHILE SADAT AND FAHMY
BLAME SOVIETS FOR EGGING ON SYRIANS AND PALESTINIANS, NEITHER
HAVE ANY ILLUSION THAT MUCH PRODDING FROM MOSCOW WAS REQUIRED.

19. EGYPTIANS HAVE STOOD FOURSQUARE AGAINST THEIR ARAB CRITICS.
WHEN PLO REFUSED TO MODERATE THE SHRILLNESS OF ANTI-US BROADCASTS
FROM CAIRO, SADAT CLOSED VOICE OF PALESTINE. PRESIDENT PERSONALLY
ANSWERS SPECIFIC CRITICISMS IN PRESS INTERVIEWS AND TELEVISED
ADDRESSES. BY SEPTEMBER 15, HE HAD MOVED TO THE OFFENSIVE,
CHARGING THAT HIS CRITICS, NOT HE, WERE UNDERMINING ARAB
UNITY. LOCAL MEDIA ECHOED HIS DECLARATIONS THAT IT IS TREASON
NOT TO TAKE BACK WHATEVER CAN BE OBTAINED, THAT SINAI II IS
MILITARY IN NATURE AND NOT A PEACE TREATY, THAT ISRAEL FOR FIRST
TIME HAS WITHDRAWN DURING ARMISTICE NOT WAR, THAT SYRIAN AND
PALESTINIAN INTERESTS HAVE NOT BEEN ABANDONED. TO KEEP DOOR
OPEN FOR GOLAN DISENGAGEMENT, GOE OFFICIALS AND MEDIA PUT
BLAME ON BA'ATH PARTY, NOT ASAD, FOR SARG'S "ANTI-ARAB" BEHAVIOUR.
SO FAR GOE HAS NOT DEIGNED TO REPLY TO WILDEST KHADDAM/AYYUBI
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CHARGES.

20. BASICALLY, WHAT SADAT HAS ASKED OF ARAB PEOPLE IS AN ACT OF FAITH. HE CLAIMS HE COULD HAVE HAD SEPARATE PEACE IF HE HAD WANTED TO BETRAY HIS ARAB ALLIES AND DESTROY DREAM OF PALESTINIAN STATE. HE ASKS FOR ARAB ACCEPTANCE OF HIS TACTICS, I.E., SINAI II WAS NECESSARY TO KEEP UP MOMENTUM REQUISITE TO ACHIEVE EGYPTIAN LONG-TERM GOALS OF TOTAL ISRAELI WITHDRAWAL FROM OCCUPIED ARAB TERRITORIES AND RESTORATION OF PALESTINIAN RIGHTS. CLEARLY MANY ARABS OUTSIDE EGYPT ARE NOT READY TO ACCEPT SADAT'S WORD, A CONTINGENCY WHICH HE PERHAPS DID NOT FULLY ANTICIPATE. WITH PUBLIC RECRIMINATIONS INCREASING BETWEEN CAIRO AND DAMASCUS, IT IS DIFFICULT TO FORESEE HOW MUTUAL CONFIDENCE CAN BE REESTABLISHED IF PROGRESS ON GOLAN CANNOT SOON BE ACHIEVED.

21. OTHER EVENTS IN ARAB WORLD DURING QUARTER PALE IN SIGNIFICANCE BESIDE DISENGAGEMENT. EGYPTIANS, WHO HAVE MADE PLEDGE TO SUPPORT SUDAN REGIME, BREATHED SIGH OF RELIEF WHEN ANTI-NIMAIRI COUP

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TO SECSTATE WASHDC 6873
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AMEMBASSY DAMASCUS
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S E C R E T SECTION 3 OF 3 CAIRO 9763/3

CAME TO NOTHING AND ARE PLEASED BY PRO-EGYPTIAN CAST OF
KHARTOUM GOVERNMENT. IN JULY AND AUGUST, LIBYAN CLAIMS
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TO SOVREIGNTY OVER WESTERN DESERT HAD SUCCEEDED IN RUFFLING
FEATHERS OF EVEN SUCH COOL CUSTOMERS IN CAIRO AS MINWAR GAMASY,
WHO TOLD US IN LATE AUGUST THAT TRIPOLI WAS NO LONGER
SATISFIED WITH PUBLIC POSTURING, BUT HAD ACTUALLY SENT REGULAR
ARMY UNIT ACROSS BORDER WHERE IT HAD BEEN CAPTURED BY EGYPTIANS.
SINCE ABORTIVE COUP AGAINST QADDHAFI LAST AUGUST, TRIPOLI HAS BEEN
STRANGELY QUIET: THIS SUDDEN CESSATION OF VIRULENT ANTI-SADAT PROPAGAN-
DA IS RESULT OF MUTUAL AGREEMENT BETWEEN LARG AND GOE FOLLOWING

MUHAYSHI'S EFFORT OVERTHROW QADDHAFI.

22. D. EGYPTIAN-NON-ALIGNED RELATIONS: SINGLE ISSUE GIVING
CRITICAL IMPORTANCE TO EGYPT'S RELATIONS WITH NON-ALIGNED COUNTRIES
THIS SUMMER WAS RADICAL ARAB CAMPAIGN IN JIDDA, KAMPALA, AND LIMA
TO EXPEL ISRAEL FROM UNGA. IN STARTLING DISPLAY OF POLITICAL
COURAGE, GOE ACTIVELY OPPOSED THIS EFFORT, IN FULL KNOWLEDGE
THAT SUCH OPPOSITION WOULD FUEL PROPAGANDA CHARGE THAT SADAT IS
"US/ZIONIST STOOGE". FOR SADAT, HOWEVER, OVERRIDING CONSIDERATION
WAS MAINTENANCE OF MOMENTUM TOWARD SINAI II. WHEN OAU LEADERS
BALKED AT SARG AND POL PRESSURE TACTICS, GOE BREATHED SIGH OF
RELIEF. SADAT'S ACTION REPRESENTS STEP IN REDUCTION OF POLITICAL
WARFARE AGAINST ISRAEL.

23. INTERNAL AFFAIRS: SADAT MAY HAVE UNDERESTIMATED ARAB
OPPOSITION TO SINAI II, BUT HIS JUDGMENT OF EGYPTIAN WAR
WEARINESS PROVED RIGHT ON TARGET. WITH EXCEPTION OF MARXISTS
AND SOME NASSERISTS (HAYKAL AMONG THEM), MOST EGYPTIANS,
TIRED OF ECONOMIC PRIVATION, PROVED EAGER TO ACCEPT THEIR

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PRESIDENT'S WORD THAT DISENGAGEMENT WAS HONORABLE AND VITAL
STEP TOWARD COMPREHENSIVE SETTLEMENT. PRESIDENT'S POPULARITY
HAS INCREASED DOMESTICALLY. THROUGH GAMASY, SPECIAL EFFORT
WAS MADE TO BRIEF ARMY, WHICH IS BELIEVED TO ENDORSE AGREEMENT.

24. GOE HAS CAPITALIZED ON EGYPTIAN HOPE THAT SINAI II PORTENDS
EARLY ECONOMIC IMPROVEMENTS AT HOME. EVERY DAY PRESS REPORTS
ONE OR MORE TOP GOE OFFICIAL HAS BRIEFED OPINION LEADERS
IN PEOPLES ASSEMBLY, ASU, MILITARY FORCES, LABOR MOVEMENT,
STUDENT UNION OR BUSINESS COMMUNITY ON BENEFITS OF DISENGAGEMENT,
WITH EMPHASIS ON CABINET'S DETERMINATION "EASE THE PEOPLE'S
BURDENS" SPEEDILY. AS NOTED ABOVE, THIS ROSY LINE HAS IMPLICATIONS
FOR USG-GOE RELATIONS, SINCE TENDENCY HERE IS TO ASSUME EGYPTIAN
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HONEYMOON WITH WASHINGTON AT TIME OF STRAINED USSR-GOE RELATIONS
WILL INEVITABLY LEAD TO GENEROUS US AID POLICY, PARTICULARLY IN
AREA OF CONSUMABLES SUCH AS WHEAT FOR BREAD. WHITE HOUSE REPORTS
THAT AMERICAN SUPPLY OF DEFENSIVE WEAPONRY IS BEING STUDIED
HAVE BEEN TREMENDOUS FILLIP.

25. MORE THAN GOOD INTENTIONS, HOWEVER, WILL BE REQUIRED IF
EONOMIC DISTRESS IS REALLY TO BE ALLEVIATED. PERENNIAL PROBLEMS
OF INEQUITABLE DISTRIBUTION AND LIMITED SUPPLY OF BASIC CONSUMER
GOODS WILL HAVE TO BE TACKLED, AND VISIBLE RESULTS WILL BE
REQUIRED BEFORE EUPHORIA OF DISENGAGEMENT HAS EVAPORATED. CHRONIC FOR-

EIGN EXCHANGE SHORTAGE WILL MAKE TASK HARDER. DESPITE SAUDI, KUWAITI,
AND QATARI CASH ASSISTANCE OF $1.2 BILLION DURING QUARTER,
MINFIN CLAIMS EGYPT HAS COVERED SHORT TERM DEBTS, BUT WILL BE
BROKE AGAIN BY END OF YEAR. FOR POLITICAL REASONS GOE RELUCTANT
TAKE NEEDED RIGOROUS MEASURES TO PUT ITS ECONOMIC HOUSE IN ORDER.
INEVITABLE RESULT WILL BE PRESSURE ON US FOR MONEY AND CREDITS
AND, AS WE FORESAW, FOR ANOTHER MULTINATIONAL DONOR EFFORT OF
TYPE COORDINATED BY UNDERSECRETARY ROBINSON DURING THIS QUARTER.

26. HOWEVER WELL THE PRESENT CABINET AVOIDS MISTAKES OF NINE
MONTHS AGO, WHEN INFLATION AND SHORTAGES MADE TEMPERS SHORT ON
CARIO STREETS, WE CAN BE SURE THAT COMMUNISTS AND LEFT WING
NASSERISTS WILL PLAY ON ECONOMIC ISSUE, AS WELL AS DISENGAGEMENT,
TO ATTACK SADAT. STUDENTS ARE EXPECTED LEAD THE FRAY. GOE WILL
REACT FIRMLY TO ANY ANTI-REGIME ACITIVITY BY LEFTIST MINORITIES,
AND HAS ALREADY DONE SO BY MUZZLING LEFTIST PRESS AND ROUNDING
UP SOME STUDENT PROTESTERS JUST LAST WEEK. WHAT IS UNCLEAR,
HOWEVER, IS HOW FAR LEFTISTS WILL GO TO CAUSE TROUBLE. OUR
GUESS IS THAT THEY WILL WAIT FOR COMMODITY SHORTAGES AND POSSIBLE
PRICE INCREASES TO MANIFEST THEMSELVES IN COLD WINTER MONTHS.

27. IN ANY CASE, SADAT HAS ACTED TO LIMIT HIS PERSONAL POLITICAL
LIABILITY FOR SINAI II. BEGINNING ON JULY 22, "NATIONAL SECURITY

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COUNCIL" COMPRISING PRESIDENT, VP, PRIMIN, FONMIN, AND MINWAR HAS BEEN GIVEN WIDE PURLICITY. RESPONSIBILITY FOR DISENGAGEMENT DECISIONS WAS TO BE "COLLECTIVE," AND NOT ATTRIBUTABLE TO SADAT ALONE. SIGNIFICANTLY, GROUP INCLUDES NOT ONE BUT TWO MILITARY OFFICERS, VP AND MINWAR. THAT SADAT, IN FACT, MADE ALL DECISIONS PERSONALLY IS IRRELEVANT TO HIS DETERMINATION CREATE

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IMAGE, ESPECIALLY FOR BENEFIT OF MILITARY, THAT TOP GOE LEADERSHIP APPROVES THEM. SOPHISTICATED EGYPTIANS KNOW, HOWEVER, THAT SADAT MAKES DECISIONS WITHOUT ADVICE OR CONSENT OF ANYONE ELSE IN EGYPT.

28. ALTHOUGH POLITICAL PREPARATIONS FOR SINAI II WERE OF OVERRIDING CONCERN THIS SUMMER, SADAT DID NOT NEGLECT THE POLITICAL "OPEN DOOR" IN EGYPT. CONTINUING HIS EFFORT RECONSTITUTE DOMESTIC POLITICAL INSTITUTIONS, PRESIDENT PUSHED AHEAD WITH ASU CENTRAL COMMITTEE ELECTIONS IN JULY, THOUGH HIGHER EXECUTIVE COUNCIL IS STILL IN ABEYANCE. NEW ASU HEAD, RIF'AT MAHGUB, HAS BEEN ELECTED AND IS REORGANIZING FLABBY AND DIFFUSE ASU SECRETARIST. SADAT HIMSELF, BY ACCEPTING ASU CHARIMANSHIP, SIGNALLED HIS INTENTION ALSO TO ACCEPT NEW TERM AS PRESIDENT OF EGYPT NEXT OCTOBER.
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